Lack's Stores, Inc.
Cash flow forecast

DRAFT
TENTATIVE AND PRELIMINARY - SUBJECT TO CHANGE
BASED ON MANAGEMENT ASSUMPTIONS ESTIMATES

($ in Thousands) Week Ending:	Total 10 Week Forecast	Total 10 Week Actual	Variance 10 Week	Notes
Beginning Cash Balance	764	2,362	1,599	Beginning cash balance as corrected
Receipts				
Installment Receivables	14,529	19,465	4,937	Collections subtantially above forecast
Store Sales	22,440	34,563	12,122	GOB Sales substantially above forecast and at substantially higher margins
Other Receipts	1,236	603	(633)	
Customer Deposits	(1,300)	(210)	1,090	
Total	**36,905**	**54,421**	**17,516**	
Operating Disbursements				
Merchandise Vendors	2,300	2,634	(334)	Cost related to consignment rug sales were unbudgeted
Insurance	-	-	-	
Medical & Dental	875	1,039	(164)	Claims greater than anticipated at year end and beginning of liquidation
Property and General Liability	202	202	(1)	
Equipment Lease Payments	392	406	(14)	
Marketing/Advertising	1,788	1,860	(72)	
Payroll & Benefits	6,123	5,606	516	Timing: Severance payments will be paid later than forecast
Commissions	605	1,128	(524)	Timing: January commissions paid earlier than anticipated
Property Maintenance	340	59	281	
Property Taxes	-	2	(2)	
Rent	1,044	1,273	(229)	$163k unbudgeted interdebtor rent payment from Lack's Stores to Lack Properties
Sales Tax	4,262	4,484	(222)	Greater than budget due to higher sales
Utilities	640	518	122	
Credit Card Fees	413	448	(35)	
Other	2,052	1,733	319	
Subtotal	21,034	**21,392**	358	
Operating Cash Flow	15,871	**33,029**	17,158	
Financing Disbursements				
Interest Payments	1,178	1,077	102	
Subtotal	1,178	**1,077**	102	
Bankruptcy Related Disbursements				
Professional Fees	600	572	28	
Liquidation Costs	879	2,076	(1,197)	Sales and Rug Commissions were higher than forecasted; Hilco incentive fee paid earlier than forecast due to earlier store closings
Pre-Petition Payments	-	22	(22)	Certain pre-petition checks cleared by banks
Cure Payments & Deposits	697	83	614	Timing: In discussions with utilities on certain adequate assurance payments
Subtotal	2,176	2,753	(577)	
Net Cash Flow	**12,516**	**29,199**	**16,683**	
Loan Paydown	(9,500)	(14,500)	5,000	Unscheduled $5M payment to Secured Lender on Jan 14
Ending Cash Balance	**3,780**	**17,061**	**13,282**	

Balance Sheet Highlights

	Petition Date	1/21/11	Difference	
Accounts Receivable, Gross	134,794	112,657	(22,137)	
Inventory	22,697	-	(22,697)	Debtor accounting records lists $739k - requires reconciliation and adjustment
Loan Balance	86,594	72,094	14,500	

Exhibit A